

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF OREGON

In re

Blue Moon Property Group, LLC

Debtor-in-Possession.

Case No. 22-31873-thp11

NOTICE OF HEARING

YOU ARE NOTIFIED THAT A HEARING to consider and act on the following:

NOTICE OF SETTLEMENT; NOTICE OF MOTION; MOTION FOR APPROVAL OF
SETTLEMENT

WILL BE HELD ON **April 4, 2023 at 9 a.m.** before the Honorable Teresa H. Pearson in
Courtroom 4, U.S. Bankruptcy Court, 1050 SW Sixth Avenue, Suite 700, Portland, Oregon.

Testimony may be offered and received if admissible.

VANDEN BOS & CHAPMAN, LLP

By: /s/ Christopher N. Coyle
Christopher N. Coyle, OSB #073501
Of Attorneys for Debtor-in-Possession

On **3/10/23** a copy of this notice was served the attached list, attached only to the original
copy filed with the Court (any party may request a copy of the list by contacting the
undersigned) by mailing a copy of the above-named document to each of the above in a
sealed envelope addressed to the same at his, her, or their last known address. Each
envelope was deposited in the Post Office at Portland, Oregon, on the above date, postage
prepaid.

VANDEN BOS & CHAPMAN, LLP

By: /s/ Christopher N. Coyle
Christopher N. Coyle, OSB #073501
Of Attorneys for Debtor-in-Possession

Label Matrix for local noticing
0979-3
Case 22-31873-thp11
District of Oregon
Portland
Fri Mar 10 09:24:21 PST 2023

JESSE A BAKER
Aldridge Pite, LLP
8880 Rio San Diego Drive
Ste 725
San Diego, CA 92108-1619

Brilliant Homes, LLC
17600 Pacific Hwy, Ste 338
Marylhurst, OR 97036-0801

DJ Property Solutions, LLC
c/o Troy G. Sexton, Atty
117 SW Taylor St, Ste 300
Portland, OR 97204-3029

Deem Realty Funding, Inc.
c/o Troy G. Sexton
117 SW Taylor St., Ste 300
Portland, OR 97204-3029

AMY EDWARDS
Stoel Rives LLP
760 SW Ninth Avenue
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(p)INTERNAL REVENUE SERVICE
CENTRALIZED INSOLVENCY OPERATIONS
PO BOX 7346
PHILADELPHIA PA 19101-7346

Lake Oswego Corporation
PO Box 203
Lake Oswego, OR 97034-0203

Mr. Cooper
PO Box 650783
Dallas, TX 75265-0783

RENX Group, LLC
c/o 6915 SW Macadam Ave, Ste 300
Portland, OR 97219-2377

Annika Eriksson
1730 SW 203rd Ave
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Big Blue Capital Partners
c/o Tracey M. Baron, Authorized Rep.
1701 Oak Shore Lane
Portland, OR 97267-3628

CHRISTOPHER N COYLE
319 SW Washington St #520
Portland, OR 97204-2690

Darrell Deem, Deem Realty Funding, Deem
Investment Co, Janine Law, et al
c/o Troy G. Sexton, Atty
117 SW Taylor St, Ste 300
Portland, OR 97204-3029

Deutsche Bank National Trust Company
C/O Nationstar Mortgage LLC
Attn: Bankruptcy Dept
PO Box 619096
Dallas TX 75261-9096

BRYAN T. GLOVER
Stoel Rives LLP
600 University Street
Ste 3600
Seattle, WA 98101-3197

IRS
Attn: Civil Process Clerk
U.S. Attorney, District of Oregon
1000 SW 3rd, #600
Portland, OR 97204-2936

Lake Oswego Corporation
c/o Bryan T. Glover
600 University Street, Suite 3600
Seattle, WA 98101-4109

ODR
ATTN: Bankruptcy Unit
955 Center St NE
Salem, OR 97301-2555

DOUGLAS R RICKS
319 SW Washington St #520
Portland, OR 97204-2620

Avery Bunick Luxury Properties Inc
Attn Mary Jo Avery
15540 Boones Ferry Rd
Lake Oswego, OR 97035-3431

Blue Moon Property Group, LLC
17600 Pacific Hwy Unit 338
Marylhurst, OR 97036-0801

Clackamas County Assessment & Taxation
c/o Tami Little, Assessor
150 Beavercreek Rd
Oregon City, OR 97045-4302

David G. Law
c/o Troy G. Sexton, Atty
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Portland, OR 97204-3029

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c/o Ellen Rosenblum, Attorney General
Oregon Department of Justice
1162 Court St, NE
Salem, OR 97301-4096

Red Phoenix Properties, LLC
c/o David James Rowe, RA
2204 SE 35th Pl
Portland, OR 97214-5808

State of Oregon
c/o Ellen Rosenblum, Attorney General
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Turning Leaf Homes, LLC
1701 SE Oak Shore Lane
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US Trustee, Portland
1220 SW 3rd Ave., Rm. 315
Portland, OR 97204-2829

The preferred mailing address (p) above has been substituted for the following entity/entities as so specified by said entity/entities in a Notice of Address filed pursuant to 11 U.S.C. 342(f) and Fed.R.Bank.P. 2002 (g) (4).

IRS
Attn: Attorney General of United States
950 Pennsylvania Ave. NW
Washington, DC 20530

The following recipients may be/have been bypassed for notice due to an undeliverable (u) or duplicate (d) address.

(u)HarborView Mortgage Loan Trust Mortgage Lo

(u)Lake Oswego Corporation

End of Label Matrix	
Mailable recipients	32
Bypassed recipients	2
Total	34

Douglas R. Ricks, OSB #044026
Christopher N. Coyle, OSB #073501
VANDEN BOS & CHAPMAN, LLP
319 SW Washington St., Ste. 520
Portland, OR 97204
Telephone: 503-241-4869
Fax: 503-241-3731

Of Attorneys for Debtor

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF OREGON

In re

Blue Moon Property Group, LLC

Debtor.

Case No. 22-31873-thp11

NOTICE OF SETTLEMENT; NOTICE
OF MOTION; MOTION FOR
APPROVAL OF SETTLEMENT

NOTICE OF SETTLEMENT

PLEASE TAKE NOTICE that pursuant to LBRs 2002-1(b) and 9019-1(e), Debtor-in-Possession Blue Moon Property Group, LLC has negotiated proposed settlements (the “Settlement”) with Deutsche Bank National Trust Company and the Pans and Law Creditors (comprised of ((a) Gretchen Pan, an individual; Gretchen Pan, as successor in interest to the Elizabeth Steiner Trust; and Xianghua ‘Ed’ Pan (collectively, the “Pans”) and (b) Darrel L. Deem, an individual; Darrel L. Deem, on behalf of his Roth IRA #14459; David G. Law, an individual; David G. Law, on behalf of his Roth IRA #11396; Janine W. Law, an individual; Janine W. Law, on behalf of her Roth IRA #12075; DJ Property Solutions, LLC, a Utah limited liability company; Deem Realty Funding, Inc., a Utah corporation; and Deem Investment Company, a Utah Corporation (collectively, the “Law Creditors”)) with respect to the sale of 3220 Southshore Blvd., Lake Oswego, OR 97034 (the “Property”). The terms of the Settlement are contained in the Notice of Intent to Sell Real or Personal Property,

Compensate Real Estate Broker, and/or Pay Any Secured Creditor's Fees and Costs;
Motion for Authority to Sell Property Free and Clear of Liens; and Notice of Hearing (the
"Sale Motion"). As stated in the Sale Motion:

- With respect to Deutsche Bank National Trust Company, Debtor asserts that there is an accounting dispute of approximately \$200,000. By and through the Motion, and pursuant to the terms discussed between the parties, Debtor proposes to pay \$1,202,566.50 (plus accrued interest from Feb. 1, 2023 to date of closing) in full satisfaction of the claim(s).
- With respect to the Pans and Law Creditors (as defined below), by and through the Motion and pursuant to the terms discussed between the parties, Debtor proposes to pay a total of \$120,000 in full satisfaction of the claim(s).
- With respect to Red Phoenix Properties, LLC, Debtor provided two deeds of trust to this creditor, one for \$60,000 and a second for \$150,000. The second deed of trust was initial collateral provided by Brilliant Homes, LLC for financing that it was in the process of acquiring. The acquisition of such property was not complete as of the time of the transfer of the property to the Debtor nor on the Petition Date. Brilliant Homes, LLC has now acquired such property, and Red Phoenix Properties, LLC has agreed to a reconveyance on its second deed of trust, leaving only the initial \$60,000 deed of trust outstanding for payment by the Debtor.
- Except as otherwise provided herein, all treatment of Holders of Allowed Claims are intended to be and shall be final. Sale Motion, Supplement.

Notwithstanding the foregoing, the terms of the Sale Motion shall control.

PLEASE TAKE FURTHER NOTICE that unless you file an objection to this notice no later than 21 days after the service date, and set forth the specific grounds for the objection and your relation to the case, with the clerk of court at 1050 SW 6th Ave #700, Portland, OR 97204 and serve it on Douglas R. Ricks, Vanden Bos & Chapman, LLP, 319 SW Washington #520, Portland, OR 97204; (503) 241-4869, the undersigned will submit a proposed order approving the settlement without further notice or a hearing.

NOTICE OF MOTION

If you oppose the proposed course of action or relief sought in this motion, you must file a written objection with the bankruptcy court no later than twenty-one (21) days after the date listed in the certificate of service below. If you do not file an objection, the court may grant the motion without further notice or hearing. Your objection must set forth the specific grounds for objection and your relation to the case. The objection must be received by the Clerk of Court at the U.S. Bankruptcy Court, 1050 SW 6th Ave., 7th Floor, Portland, OR 97204 by the deadline specified above or it may not be considered. You must also serve the objection on Douglas R. Ricks, Vanden Bos & Chapman, LLP, 319 SW Washington St., Ste. 520, Portland, OR 97204 within that same time.

MOTION

Debtor-in-Possession Blue Moon Property Group, LLC (“Debtor”), as debtor in the above-captioned chapter 11, subchapter V, case (the “Chapter 11 Case”), pursuant to Fed. R. Bankr. P. 9019(a), MOVES the Court for entry of an order, substantially in the form of the proposed Sale Order (as defined in the Sale Motion), approving the Settlement, described herein. In support, the Debtor states as follows:

1. The Court has jurisdiction over the motion pursuant to Sections 157 and 1334 of Title 28 and LR 2100-2(a). This is a core proceeding pursuant to Section 157(b)(2)(A), (B), (L), and (O) of Title 28. Venue of the Chapter 11 Case and this motion are proper pursuant to Section 1408 of Title 28.

2. The statutory predicates for the relief requested in the motion include Sections 105 and 1123 and Rules 2002 and 9019.

3. On November 9, 2022 (the “Petition Date”), the Debtor filed a voluntary chapter 11, subchapter V, petition under title 11 of the United States Code in the United States Bankruptcy Court for the District of Oregon (the “Bankruptcy Court”).

4. Pursuant to 11 U.S.C. § 1183(a), Amy was appointed as Subchapter V Trustee (the “Trustee”).

5. Following the Petition Date, the parties, by and through their authorized representatives, have sought to reach an amicable resolution of the relationships between Debtor, Deutsche Bank National Trust Company, as Trustee for HarborView Mortgage Loan Trust Mortgage Loan Pass- Through Certificates, Series 2006-9 (“Deutsche Bank National Trust Company, the Pans and Law Creditors (consisting of ((a) Gretchen Pan, an individual; Gretchen Pan, as successor in interest to the Elizabeth Steiner Trust; and Xianghua ‘Ed’ Pan (collectively, the “Pans”) and (b) Darrel L. Deem, an individual; Darrel L. Deem, on behalf of his Roth IRA #14459; David G. Law, an individual; David G. Law, on behalf of his Roth IRA #11396; Janine W. Law, an individual; Janine W. Law, on behalf of her Roth IRA #12075; DJ Property Solutions, LLC, a Utah limited liability company; Deem Realty Funding, Inc., a Utah corporation; and Deem Investment Company, a Utah Corporation (collectively, the “Law Creditors”))), and Red Phoenix Properties, LLC.

6. A bankruptcy court should approve a proposed settlement if the court finds the settlement “fair and equitable” based on an “educated estimate of the complexity, expense, and likely duration of . . . litigation, the possible difficulties of collecting on any judgment which might be obtained, and all other factors relevant to a full and fair assessment of the wisdom of the proposed compromise.” *TMT Trailer Ferry*, 390 U.S. at 424. See also *Martin*

v. Kane (In re A & C Props.), 784 F.2d 1377, 1381 (9th Cir. 1986) (a compromise should be approved when it is “fair and equitable”).

7. It is sufficient that the Court find that the settlement was negotiated in good faith and is reasonable, fair, and equitable. See *A & C Props.*, 784 F.2d at 1381.

Accordingly, a settlement need only “be in the best interests of the estate and ‘reasonable, given the particular circumstances of the case.’” *Goodwin v. Mickey Thompson Entm’t Grp., Inc. (In re Mickey Thompson Entm’t Grp., Inc.)*, 292 B.R. 415, 420 (B.A.P. 9th Cir. 2003) (internal citations omitted).

8. To determine whether a compromise is fair and equitable, the Ninth Circuit has held that a bankruptcy court should consider:

(a) [t]he probability of success in the litigation; (b) the difficulties, if any, to be encountered in the matter of collection; (c) the complexity of the litigation involved, and the expense, inconvenience and delay necessarily attending it; (d) the paramount interest of the creditors and a proper deference to their reasonable views in the premises.

A & C Props., 784 F.2d at 1381 (quoting *Lambert v. Flight Transp. Corp. (In re Flight Transp. Corp. Sec. Litig.)*, 730 F.2d 1128, 1135 (8th Cir. 1984)).

9. The Settlement, together with the Sale Motion, resolves all matters pending or raisable between Debtor, Deutsche Bank National Trust Company, the Pans and Law Creditors, and Red Phoenix, LLC, avoids the commencement of either contested matters and/or adversary proceedings, and provides desired clarity regarding the Debtor’s obligations moving forward. In addition, it resolves the Debtor’s potential objections regarding such parties’ Proofs of Claim as well as such parties potential defenses or claims in contested matters or adversary proceedings. As a result, the Settlement effectively and

efficiently resolves the disputes arising from the various lien interests in the Property and provides a concrete path forward for all parties.

10. While the Debtor believes it would have a strong probability of success with respect to its defenses and potential objections, each of the parties has secured claim(s) and defenses which each reasonably believes to have a strong probability of success. Further, and irrespective of each parties' belief in the merits of their respective positions, each party would incur significant attorneys' fees in litigation of such disputes; likewise, while each of the parties believes that the other would bear responsibility for some or all of such attorneys' fees, the extent of any such award is unknowable. Furthermore, the protracted nature of such disputes would both interfere with the sale of the Property and reduce the funds from such sale available to unsecured and equity creditors.

11. Collection is not a relevant factor.

12. While the dispute(s) are not legally complicated, the time and costs of litigation would both outpace the value of the alleged claims/defenses and jeopardize the proposed sale of the Property.

13. Resolution of the matters between the parties is in the best interest of creditors. Irrespective of the outcome of such litigation, on-going litigation prevents sale of the Property and would delay performance of the Debtor's proposed Plan, including distributions to unsecured and equity creditors. Even if successful, the Debtor will have incurred significant administrative expenses.

14. Accordingly, the Agreement should be approved.

WHEREFORE, the Debtor requests entry of the Sale Order together with such other orders as necessary to effectuate the Settlement.

DATED: March 10, 2023

VANDEN BOS & CHAPMAN, LLP

By: /s/Christopher N. Coyle
Douglas R. Ricks, OSB #044026
Christopher N. Coyle, OSB #073501
Of Attorneys for Debtor-in-Possession

CERTIFICATE - TRUE COPY

I hereby certify that I prepared the foregoing copy of the foregoing named document and have carefully compared the same with the original thereof and it is a correct copy therefrom and of the whole thereof.

CERTIFICATE OF SERVICE

I hereby certify that I served a copy of the foregoing on:

See Attached List. (The original Service List is attached to the original copy filed with the Court only. Creditors may request a copy of the Service List by contacting the undersigned.)

by mailing a copy of the above-named document to each of the above in a sealed envelope addressed to the same at his, her, or their last known address. Each envelope was deposited in the Post Office at Portland, Oregon, on the above date, postage prepaid.

I hereby certify that the foregoing was served on all CM/ECF participants through the Court's Case Management/Electronic Case File system on the date set forth below.

Dated: March 10, 2023

VANDEN BOS & CHAPMAN, LLP

By: /s/ Christopher N. Coyle
Christopher N. Coyle, OSB #073501
Of Attorneys for Debtor

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(u)Lake Oswego Corporation

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